

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 COME-00 FEA-01

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DRAFTED BY NEA/AFN:MWWILEY

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O 102143Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY RABAT IMMEDIATE

INFO AMCONSUL CASABLANCA IMMEDIATE

C O N F I D E N T I A L STATE 135239

E.O. 11652:GDS

TAGS:EINV ENRG EIND MO

SUBJECT:ESSO MOROCCANIZATION

1. S.J. VASTOLA, PRESIDENT OF ESSO-AFRICA, INC. AND EXXON WASHINGTON REPRESENTATIVE JESSUP CALLED ON WILEY ON JUNE 10 TO BRING DEPARTMENT UP TO DATE ON CURRENT STATUS OF ESSO MOROCCANIZATION NEGOTIATIONS. VASTOLA SAID THAT HIS COMPANY NOW ANXIOUS TO NEGOTIATE SALE OF 100 OF MOROCCAN SUBSIDIARIES SINCE EVENTS THAT HAVE OCCURRED SINCE JANUARY 1 WOULD NOW MAKE IT VERY DIFFICULT FOR ESSO TO PARTICIPATE IN JOINT COMPANY WITH SNPP. VASTOLA INDICATED ESSO WOULD BE REASONABLE BUT STILL INSISTS ON COMMERCIAL RATES OF INTEREST ON DELAYED COMPENSATION PAYMENTS BECAUSE OF IMPORTANCE OF THIS PRECEDENT IN OTHER SITUATIONS INVOLVING SUBSTANTIALLY MORE MONEY. VASTOLA MENTIONED POSSIBILITY OF LOWERING VALUATION OF COMPANY ASSETS IN ORDER TO COMPENSATE MOROCCO FOR DIFFERENCE IN RATES OF INTEREST BETWEEN 5 1/2 AND COMMERCIAL RATES.
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2. VASTOLA PLANNING TO COME TO RABAT EARLY IN WEEK OF JUNE 16-20 AND WILL CONSULT WITH EMBASSY ON HOW TO BEGIN NEGOTIATIONS FOR SALE OF 100 OF ESSO SUBSIDIARIES. HE WILL BE IN TOUCH WITH AMBASSADOR DIRECTLY OR THROUGH SKANE WHO

VASTOLA SAID WOULD BE LEAVING MOROCCO PERMANENTLY BY THE END OF THE MONTH.

3. VASTOLA DID NOT BRING UP POSSIBILITY OF INVOKING U.S. LEGISLATIVE PROVISIONS CUTTING OFF AID OR LIMITING TRADE BENEFITS IN CASE OF UNRESOLVED NATIONALIZATION CASES. HE SEEMED FLEXIBLE AND NO DOUBT WISHES TO AVOID POSSIBLE JEOPARDY TO EXXON OFFSHORE DRILLING OPERATIONS. HE DID INDICATE THAT ESSO WOULD PRESERVE ITS LEGAL STANDING IN MOROCCAN COURTS BY FILING PETITION WITH SUPREME COURT BEFORE JUNE 20 DEADLINE SEEKING TO VACATE CLOSURE AND SEIZURE OF COMPANIES.

4. VASTOLA AND JESSUP HAVE ALSO BRIEFED ECON COUNSELOR OF MOROCCAN EMBASSY BENJELLOUN WHO WILL BE RETURNING TO RABAT EVENING JUNE 10. BENJELLOUN HAS EXPRESSED INTEREST IN MEETING WITH AMBASSADOR AND HELPING ARRANGE APPOINTMENTS FOR ESSO TEAM IN VIEW OF POSSIBLE NEGATIVE IMPACT OF ESSO CASE ON MOROCCAN EFFORTS TO OBTAIN AMERICAN INVESTMENTS. KISSINGER

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